S.B. COMPANY APPLICATION NO. 2/2006

Date : 05.05.2006

HON'BLE MR. BHAGWATI PRASAD, J.

Mr. Rajendra Mehta and Mr. Aniket Agrwal for the applicant.
Mr. Vinit Mathur, Asst. Solicitor General for Central Government.

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Heard.

The applicant has filed this application under Section 392 of the Companies Act, 1956 for modification of the Scheme of Compromise and/or arrangement sanctioned by an order dated 14.8.2001 passed by High Court of Orissa at Cuttack, then having jurisdiction over the applicant company under the Companies Act, 1956. A copy of the said order has been annexed as Annexure `B' to the application. The applicant company is now having its registered office at Jaykaypuram -307019, District Sirohi in the State of Rajasthan and consequently the present application has been filed before this Court.

Notice of this application was issued to the Central Government through the Regional Director, Northern Region, Ministry of Company Affairs, Noida, by order dated 21st April, 2006.

In response to the said notice, the Regional Director Shri Rakesh Chandra has filed his afiavit dated 2nd May, 2006 on behalf of the Central Government stating that the Central Government has no objection to the proposed modification of the Scheme sanctioned by High Court of Orissa under order dated 14.8.2001.

I have considered the application duly supported by the affiavit of Brijesh Kumar Daga, Vice President and Company Secretary of the applicant dated 5.4.2006, letter of Corporate Debt Restructuring Cell datd 29th March, 2006 (Annex.`C') approving the proposed modification, letter of Bombay Stock Exchange Ltd. Dated 24.3.06 (Annexure `D') conveying its No Objection, affidavit of the Regional Director dated 2.5.2006 recording his No Objection, to the proposed modification.

Having considered the above and upon hearing Mr. Rajendra Mehta and Mr. Aniket Agrawal appearing for the applicant and Shri Vinit Mathur, Asst. Solicitor General for the Central Government, who has also reiterated that the Regional Director has No Objection to the sanction of the proposed modification, it appears that the application is bonafide and it is just and expedient to modify the Scheme for its proper working and implementation as prayed for in the application.

Accordingly, the said scheme of compromise and/or arrangement sanctioned by order dated 14.8.2001 passed by the High Court of Orissa is modified as under :-

"Notwithstanding anything to the contrary contained in clause 4(c0 of Part II or any other clause of the Scheme of compromise and/or arrangement sanctioned by order dated 14.8.2001, option for conversion of the Optionally Convertibe Bonds ("OCBs") and part thereof since reclassified as Rupee Term Loan- IVV ("RTL-IV") shall stand modified and be available as provided hereunder :-

Instead of option for conversion in three staggered instalments of Rs. 1.45 crores each in the event of default in payment of the accumulated interest in three years as provided in the existing clause 4(c) of the Scheme, such option shall be available for conversion at par in one combined instalment of upto Rs. 4.35 crores to be exercised within a period of 60 days from the date, this modification becomes effective upon its sanction by the High Court. The company shall in addition pay to the creditors exercising such option an amount upto Rs. 6.36 crores by way of compensation proportionately. Such payment shall be made in three annual instalments, the first of which (upto Rs. 3 crores) shall be made with effect from March 31, 2006 and the subsequent two instalments of upto Rs. 1.68 crores each on or before March 15, 2008 and March 15, 2009 without any interest. JKCL shall, within a period of seven days from the date of this modification becoming effective, given notice to the creditors to exercise their option in terms thereof. On exercise of the option of conversion by the lenders, the balance amount of the in struments i.e. RTL-IV and OCBs, will become interest fere for the whole of the tenure and reconciled principal amount of the instruments being Rs 98.05 crores will stand reduced to the extent the options are exercised as aforesaid. All other temrs and conditions applicable to such RTL-IV/OCBs as per approvals/sanctions prior to the date of sanction of this modification, shall remain unchanged and unaffected by this modification."

The applicant shall file a certified copy of this order with the Registrar of Companies, Rajasthan, Jaipur within a period of 30 days from the

date of this order.

The application stands disposed of.

(BHAGWATI PRASAD), J.